

Small businesses are the driver of our communities, and now, more than ever, it is imperative for Congress to support them.

In my home State of Florida, there are over 2.5 million small businesses employing over 3.5 million Floridians.

As a former small business owner myself and as someone who will be a small business owner again very, very soon, I understand the sacrifice many small business owners make to keep their doors open and to meet their payrolls. I know the challenges that they face and the grit that it takes for them to persevere and the impact that they have on our communities.

Among these challenges for many small businesses is acquiring the capital that is necessary to finance their operations.

Many of the tools available at the SBA strive to increase access to capital for small businesses that are unable to receive it through conventional and traditional lending markets. One of these tools to support small businesses is the SBA's Community Advantage Loan Program, which was launched as a pilot program to assist small businesses in historically underserved and rural areas. It targets assistance to veteran-owned businesses, women-owned businesses, startups, and underserved minority communities, all key job creators. The combination of financial and technical assistance has made the program a proven game changer for many small businesses.

Mr. Speaker, I thank the gentlewoman from California (Ms. JUDY CHU) for her bipartisan leadership in providing strategic improvements to this program and to move it from a pilot program to an authorized program for the next 5 years.

The improvements included in H.R. 7903 will ensure the program serves businesses truly in need of SBA services. Specifically, H.R. 7903 defines the program with congressional intent. It outlines how Community Advantage lenders must operate within the program and details loan terms and other requirements.

Mr. Speaker, I also thank the chairwoman and the ranking member for advancing this important legislation that will strengthen and improve the Community Advantage Loan Program.

Mr. Speaker, I urge my colleagues to support the bill.

Mr. CHABOT. Mr. Speaker, this is a good bill that deserves our support. The SBA's Community Advantage program provides both financial and technical assistance to our Nation's smallest firms. It is a great program that has proven results.

Mr. Speaker, I urge my colleagues to support this bill, and I yield back the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, in almost a decade, Community Advantage lenders have delivered over \$770 million in affordable capital to underserved small businesses across America, assisting women- and minority-owned businesses that have historically struggled to secure affordable capital through traditional means, yet new lenders are hesitant to participate because of its pilot status and frequently changing rules.

Today's bill will remedy these problems and ultimately grow the CA program to deliver more capital to entrepreneurs who need access to affordable capital the most, especially those severely impacted by the COVID-19 pandemic.

Mr. Speaker, I applaud the work by the gentlewoman from California (Ms. JUDY CHU) and the gentleman from Florida (Mr. SPANO) for their efforts in crafting a bipartisan bill to codify the Community Advantage program.

Mr. Speaker, I encourage all my colleagues to vote "yes," and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from New York (Ms. VELÁZQUEZ) that the House suspend the rules and pass the bill, H.R. 7903, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 6395, WILLIAM M. (MAC) THORNBERRY NATIONAL DEFENSE AUTHORIZATION ACT FOR 2021

Ms. KENDRA S. HORN of Oklahoma submitted the following conference report and statement on the bill (H.R. 6395) to authorize appropriations for fiscal year 2021 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe military personnel strengths for such fiscal year, and for other purposes.

(For conference report and statement, see proceedings of the House of December 3, 2020, published in Book II.)

MAKING IN ORDER AT ANY TIME CONSIDERATION OF CONFERENCE REPORT ON H.R. 6395, WILLIAM M. (MAC) THORNBERRY NATIONAL DEFENSE AUTHORIZATION ACT FOR 2021

Mr. MCGOVERN. Mr. Speaker, I ask unanimous consent that it be in order

at any time to consider a conference report to accompany H.R. 6395; that all points of order against the conference report and against its consideration be waived; that the conference report be considered as read; and that the previous question be considered as ordered on the conference report to its adoption without intervening motion except: one, 1 hour of debate; and, two, one motion to recommit if applicable.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

504 MODERNIZATION AND SMALL MANUFACTURER ENHANCEMENT ACT OF 2020

Ms. VELÁZQUEZ. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 8211) to amend the Small Business Investment Act of 1958 to improve the loan guaranty program, enhance the ability of small manufacturers to access affordable capital, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 8211

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "504 Modernization and Small Manufacturer Enhancement Act of 2020".

SEC. 2. ADDITIONS TO POLICY GOALS FOR THE DEVELOPMENT COMPANY PROGRAM.

Section 501(d)(3) of the Small Business Investment Act of 1958 (15 U.S.C. 695(d)(3)) is amended—

(1) by redesignating subparagraphs (A) through (L) as subparagraphs (B) through (M), respectively;

(2) by inserting before subparagraph (B) (as so redesignated) the following:

"(A) workforce development through work-based or work-integrated training, which shall be satisfied by demonstrating that a small business concern that is a subject of the project has—

"(i) a documented in-house training program, the duration of which is not shorter than 12 weeks; or

"(ii) entered into a contract with an entity—

"(I) to provide trained applicants for any open position of employment at the small business concern; and

"(II) that ensures that any applicant provided to the small business concern under subclause (I) has undergone not fewer than 12 weeks of training that is relevant to the open position described in that subclause,";

(3) by amending subparagraph (D) (as so redesignated) to read as follows:

"(D) expansion of minority-owned, employee-owned, or women-owned business development,";

(4) in subparagraph (L) (as so redesignated), by striking “producers, or” and inserting “producers.”;

(5) in subparagraph (M) (as so redesignated), by striking the period at the end and inserting a comma;

(6) by inserting after subparagraph (M) the following new subparagraphs:

“(N) enhanced ability for small business concerns to reduce costs by using energy efficient products and generating renewable energy,

“(O) aid revitalizing of any area for which a disaster has been declared or determined under subparagraph (A), (B), (C), or (E) of section 7(b)(2) of the Small Business Act, or

“(P) expansion of small business concerns with 10 or fewer employees.”; and

(7) in the flush text following subparagraph (P), as added by paragraph (6), by striking “subparagraphs (J) and (K)” and inserting “subparagraphs (K) and (L)”.

SEC. 3. INCREASE IN LOAN AMOUNTS FOR MANUFACTURING LOANS.

Section 502 of the Small Business Investment Act of 1958 (15 U.S.C. 696) is amended—

(1) in the matter preceding paragraph (1), by striking “The Administration” and inserting the following:

“(a) IN GENERAL.—The Administration”;

and

(2) in subsection (a), as so designated—

(A) in paragraph (2)(A)—

(i) in the matter preceding clause (i), by striking “section” and inserting “subsection”;

(ii) in clause (iii), by striking “\$5,500,000” and inserting “\$6,500,000”; and

(B) in paragraph (3)(A), by striking “this section” and inserting “this subsection”.

SEC. 4. IMPROVEMENTS TO 504 LOAN CLOSING PROCEDURE.

Title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.) is amended—

(1) in section 502, as amended by section 3, by adding at the end the following new subsections:

“(b) CLOSING.—

“(1) AUTHORITY OF CERTAIN DEVELOPMENT COMPANIES.—An accredited lender certified company may take any of the following actions to facilitate the closing of a loan made under subsection (a):

“(A) Reallocate the cost of the project with respect to which the loan is made in an amount that is not more than 10 percent of the overall cost of the project.

“(B) Correct any name that is applicable to the loan, including the name of any borrower, guarantor, eligible passive company described in subparagraph (C)(i), and operating company described in subparagraph (C)(ii).

“(C) Form any of the following to receive proceeds of the loan:

“(i) An eligible passive company that complies with section 120.111 of title 13, Code of Federal Regulations, or any successor regulation.

“(ii) If an eligible passive company is formed under clause (i), an operating company with respect to that eligible passive company.

“(D) Correct the address of any property with respect to which the loan is made.

“(E) Correct the name of any interim lender or third-party lender.

“(F) Change any third-party lender or interim lender if that lender is a financial institution that is regulated by the Federal Government or a State government.

“(G) Make a guarantor a co-borrower or a co-borrower a guarantor.

“(H) Add a guarantor that does not change ownership with respect to the loan.

“(I) Reduce the amount of standby debt before the closing as a result of regularly scheduled payments.

“(J) Reduce the cost of the project with respect to which the loan is made.

“(2) FEES.—The Administrator shall—

“(A) issue a rule regarding the amount of a closing fee that may be financed in a debenture that is issued by a certified development company to make one or more loans to small business concerns, the proceeds of which are used by that concern for the purposes described in subsection (a), except that such amount shall be not less than \$3,500; and

“(B) periodically update the rule issued under subparagraph (A).

“(3) NO ADVERSE CHANGE AND FINANCIAL STATEMENT.—Before the closing with respect to a loan made under subsection (a), the borrower and any operating company shall—

“(A) make the certification required under section 120.892 of title 13, Code of Federal Regulations, or any successor regulation; and

“(B) submit to the certified development company a financial statement that is not more than 180 days old, which the company shall certify not later than 120 days before the date on which the certified development company issues a debenture with respect to the project to which the loan relates.

“(c) EXPRESS PROGRAM.—An accredited lender certified company may, with respect to a covered loan, take any of the following actions with respect to the loan:

“(1) Any action described in any of subparagraphs (A) through (J) of subsection (b)(1).

“(2) If the borrower is not delinquent with respect to the loan payments—

“(A) permit the loan to subordinate to a new third-party lender loan for the purposes of refinancing that third-party lender loan, except that no refinanced amount with respect to the loan may be increased in order to provide cash to the borrower;

“(B) permit a new party to assume responsibility for the loan if the original borrower remains on the loan as the original guarantor;

“(C) obtain force placed insurance coverage for the loan if the borrower has allowed insurance coverage with respect to the loan to lapse; and

“(D) endorse an insurance check with respect to the property that is financed by the loan in an amount that is less than \$100,000.

“(3) Certify that the loan is compliant with the appraisal requirements and environmental policies and procedures applicable to the loan under Standard Operating Procedure 50 10 6 of the Administration, effective August 28, 2020, or any successor Standard Operating Procedure.

“(d) DEFINITIONS.—In this section—

“(1) the term ‘accredited lender certified company’ means a certified development company that meets the requirements under section 507(b), including a certified development company that the Administration has designated as an accredited lender under such section 507(b); and

“(2) the term ‘covered loan’—

“(A) means a loan made under subsection (a) in an amount that is not more than \$500,000; and

“(B) does not include a loan made to a borrower that is a franchise that, or is in an industry that, has a high rate of default, as annually determined by the Administrator.”;

(2) by adding at the end the following new section:

“SEC. 511. CLOSING AND OVERSIGHT.

“(a) SBA DISTRICT COUNSELS.—Beginning on the date of enactment of this section,

with respect to the program established under this title, district counsels of the Administration shall be subject to the same requirements, and shall have the same authority and responsibilities, as in effect with respect to that program on the day before the date of enactment of this section, except that—

“(1) the Office of Credit Risk Management of the Administration shall have the responsibility for all duties relating to conducting file reviews of loans made under this title; and

“(2) district counsels of the Administration shall not have any responsibility relating to the review of closing packages with respect to a loan made under this title.

“(b) DESIGNATED ATTORNEYS.—For the purposes of this title, the following provisions and requirements shall apply with respect to a designated attorney of a certified development company:

“(1) A designated attorney that meets the requirements determined under paragraph (2) shall be responsible for certifying documents relating to the closing of a loan described in this title.

“(2) The Administrator may determine any continuing education requirements that the designated attorney shall be required to satisfy in order to be permitted to close a loan made under this title.

“(3) If, as of the date of enactment of this section, a certified development company does not have a designated attorney, during the 270-day period beginning on that date of enactment, the certified development company may identify such an attorney, subject to the approval of the Administrator.”.

SEC. 5. CERTIFIED DEVELOPMENT COMPANY LOANS FOR SMALL MANUFACTURERS.

(a) CONTRIBUTION REQUIREMENT.—Section 502(a)(3)(C) of the Small Business Investment Act of 1958, as designated by section 3, is amended—

(1) by redesignating clauses (i), (ii), (iii), and (iv) as subclauses (I), (II), (III), and (IV), respectively, and adjusting the margins of such subclauses accordingly;

(2) by inserting before subclause (I), as so redesignated, the following:

“(i) for a small business concern that is not a small manufacturer (as defined in section 501(e)(7))—”;

(3) in subclause (III), as so redesignated, by striking “clauses (i) and (ii)” and inserting “subclauses (I) and (II)”;

(4) in subclause (IV) as so redesignated, by striking the period and the end and inserting “; or”;

(5) by adding at the end the following:

“(ii) for a small manufacturer (as defined in section 501(e)(7))—

“(I) at least 5 percent of the total cost of the project financed, if the small business concern has been in operation for a period of 2 years or less;

“(II) at least 5 percent of the total cost of the project financed, if the project involves a limited or single purpose building or structure;

“(III) at least 10 percent of the total cost of the project financed if the project involves both of the conditions set forth in subclauses (I) and (II); or

“(IV) at least 5 percent of the total cost of the project financed, in all other circumstances, at the discretion of the development company.”.

(b) CREATION OR RETENTION OF JOBS REQUIREMENT.—Section 501(e) of the Small Business Investment Act of 1958 (15 U.S.C. 695(e)) is amended—

(1) in paragraph (1), by striking “creates or retains” and all that follows through the period at the end and inserting “creates or retains 1 job for every \$75,000 guaranteed by

the Administration, except that the amount is \$150,000 in the case of a project of a small manufacturer.”;

(2) in paragraph (2), by striking “creates or retains” and all that follows through the period at the end and inserting “creates or retains 1 job for every \$75,000 guaranteed by the Administration, except that the amount is \$150,000 in the case of a project of a small manufacturer.”;

(3) by redesignating paragraph (6) as paragraph (7); and

(4) by inserting after paragraph (5) the following:

“(6) For a loan for a project directed toward the creation of job opportunities under subsection (d)(1), the Administrator shall publish on the website of the Administration the number of jobs created or retained under the project as of the date that is 2 years after the completion (as determined based on information provided by the development company) of the project.”.

(c) **COLLATERAL REQUIREMENTS.**—Section 502(a)(3)(E)(i) of the Small Business Investment Act of 1958, as designated by section 3, is amended by adding at the end the following: “Additional collateral shall not be required in the case of a small manufacturer (as defined in section 501(e)(7)).”.

(d) **DEBT REFINANCING.**—Section 502(a)(7)(B) of the Small Business Investment Act of 1958, as designated by section 3, is amended in the matter preceding clause (i) by inserting “(or in the case of a small manufacturer (as defined in section 501(e)(7)), that does not exceed 100 percent of the project cost of the expansion)” after “cost of the expansion”.

(e) **AMOUNT OF GUARANTEED DEBENTURE.**—Section 503(a) of the Small Business Investment Act of 1958 (15 U.S.C. 697(a)) is amended by adding at the end the following:

“(5) Any debenture issued by a State or local development company to a small manufacturer (as defined in section 501(e)(7)) with respect to which a guarantee is made under this subsection shall be in an amount equal to not more than 50 percent of the cost of the project with respect to which such debenture is issued, without regard to whether good cause has been shown.”.

SEC. 6. ASSISTANCE FOR SMALL MANUFACTURERS.

Title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.), as amended by section 4(2), is further amended by adding at the end the following new section:

“SEC. 512. ASSISTANCE FOR SMALL MANUFACTURERS.

“(a) **IN GENERAL.**—The Administrator shall ensure that each district office of the Administration partners with not less than 1 resource partner to provide training to small business concerns assigned a North American Industry Classification System code for manufacturing on obtaining assistance under the program carried out under this title, including with respect to the application process under that program and partnering with development companies under this title.

“(b) **RESOURCE PARTNER DEFINED.**—In this section, the term ‘resource partner’ means—

“(1) a small business development center (as defined in section 3 of the Small Business Act);

“(2) a women’s business center (described under section 29 of such Act);

“(3) a chapter of the Service Corps of Retired Executives (established under section 8(b)(1)(B) of such Act); and

“(4) a Veteran Business Outreach Center (described under section 32 of such Act).”.

SEC. 7. LEASING RULES FOR NEW FACILITIES AND EXISTING BUILDINGS.

(a) **IN GENERAL.**—Section 502(a) of the Small Business Investment Act of 1958, as designated by section 3, is amended by strik-

ing paragraphs (4) and (5) and inserting the following new paragraphs:

“(4) **NEW FACILITIES.**—

“(A) **IN GENERAL.**—With respect to a project to construct a new facility, an assisted small business concern may permanently lease not more than 20 percent of the project if such concern—

“(i) permanently occupies and uses not less than 60 percent of the project;

“(ii) plans to occupy and use an additional portion of the project that is not permanently leased not later than 3 years after receipt of assistance under this section; and

“(iii) plans to permanently occupy and use 80 percent of the project not later than 10 years after receipt of such assistance.

“(B) **SMALL MANUFACTURERS.**—With respect to an assisted small business concern that is a small manufacturer (as defined in section 501(e)(6)), subparagraph (A)(i) shall apply with ‘50 percent’ substituted for ‘60 percent’.

“(5) **EXISTING BUILDINGS.**—With respect to a project to acquire, renovate, or reconstruct an existing building, the following shall apply:

“(A) **OCCUPANCY REQUIREMENTS.**—The assisted small business concern may permanently lease not more than 50 percent of the project if the concern permanently occupies and uses not less than 50 percent of the project.

“(B) **EXCEPTION.**—The assisted small business concern may permanently lease more than 50 percent of the project if—

“(i) such concern—

“(I) has occupied and used the existing building for a consecutive 12-month period before submitting an application for assistance under this section;

“(II) agrees to permanently use less than 50 percent of the existing building and permanently lease more than 50 percent for a consecutive 12-month period after receiving such assistance; and

“(III) affirms that the existing building is appropriate for current and reasonably anticipated needs; and

“(ii) the development company assisting such project—

“(I) provides written notice to the Administrator on the date on which the development company closes the loan for such project; and

“(II) once each year during the first 5 years of the loan, and once every 2 years for the remainder of the loan—

“(aa) conducts an examination of the assisted small business concern to ensure the concern is not a real estate development business; and

“(bb) files with the Administrator an anti-investor certification signed by the development company and the assisted small business concern.

“(C) **LEASE TERM.**—Any residential lease made under this paragraph shall be for a term of not more than 1 year, and any commercial lease made under this paragraph shall be for a term of not more than 5 years.”.

(b) **REPORT.**—Not later than 5 years after the date of the enactment of this Act, the Administrator of the Small Business Administration shall submit to Congress a report analyzing the impact of the amendments made by this section on access to capital for small business concerns (as defined under section 3 of the Small Business Act (15 U.S.C. 632)), and recommending whether similar notice, examination, and certifications requirements should be made to the program established under section 7(a) of the Small Business Act (15 U.S.C. 636(a)).

SEC. 8. LOW-INTEREST REFINANCING UNDER THE LOCAL DEVELOPMENT BUSINESS LOAN PROGRAM.

(a) **EXPANSIONS.**—Section 502(a)(7)(B) of the Small Business Investment Act of 1958, as designated by section 3 and amended by section 5(d), is further amended—

(1) in the matter preceding clause (i), by striking “50 percent” and inserting “100 percent”; and

(2) in clause (v), by adding “and” at the end;

(3) by striking clause (vi); and

(4) by redesignating clause (vii) as clause (vi).

(b) **REPEAL.**—Section 521(a) of division E of the Consolidated Appropriations Act, 2016 (Public Law 114-113; 129 Stat. 2463; 15 U.S.C. 696 note) is repealed.

(c) **REFINANCING.**—Section 502(a)(7) of the Small Business Investment Act of 1958, as designated by section 3, is amended by adding at the end the following new subparagraph:

“(C) **REFINANCING NOT INVOLVING EXPANSIONS.**—

“(i) **DEFINITIONS.**—In this subparagraph—

“(I) the term ‘borrower’ means a small business concern that submits an application to a development company for financing under this subparagraph;

“(II) the term ‘eligible fixed asset’ means tangible property relating to which the Administrator may provide financing under this section; and

“(III) the term ‘qualified debt’ means indebtedness that—

“(aa) was incurred not less than 6 months before the date of the application for assistance under this subparagraph;

“(bb) is a commercial loan;

“(cc) the proceeds of which were used to acquire an eligible fixed asset;

“(dd) was incurred for the benefit of the small business concern; and

“(ee) is collateralized by eligible fixed assets; and

“(ii) **AUTHORITY.**—A project that does not involve the expansion of a small business concern may include the refinancing of qualified debt if—

“(I) the amount of the financing is not more than 90 percent of the value of the collateral for the financing, except that, if the appraised value of the eligible fixed assets serving as collateral for the financing is less than the amount equal to 125 percent of the amount of the financing, the borrower may provide additional cash or other collateral to eliminate any deficiency;

“(II) the borrower has been in operation for all of the 2-year period ending on the date the loan application is submitted; and

“(III) for a financing for which the Administrator determines there will be an additional cost attributable to the refinancing of the qualified debt, the borrower agrees to pay a fee in an amount equal to the anticipated additional cost.

“(iii) **FINANCING FOR BUSINESS EXPENSES.**—

“(I) **FINANCING FOR BUSINESS EXPENSES.**—The Administrator may provide financing to a borrower that receives financing that includes a refinancing of qualified debt under clause (ii), in addition to the refinancing under clause (ii), to be used solely for the payment of business expenses.

“(II) **APPLICATION FOR FINANCING.**—An application for financing under subclause (I) shall include—

“(aa) a specific description of the expenses for which the additional financing is requested; and

“(bb) an itemization of the amount of each expense.

“(III) **CONDITION ON ADDITIONAL FINANCING.**—A borrower may not use any part of the

financing under this clause for non-business purposes.

“(iv) LOANS BASED ON JOBS.—

“(I) JOB CREATION AND RETENTION GOALS.—

“(aa) IN GENERAL.—The Administrator may provide financing under this subparagraph for a borrower that meets the job creation goals under subsection (d) or (e) of section 501.

“(bb) ALTERNATE JOB RETENTION GOAL.—The Administrator may provide financing under this subparagraph to a borrower that does not meet the goals described in item (aa) in an amount that is not more than the product obtained by multiplying the number of employees of the borrower by \$75,000.

“(II) NUMBER OF EMPLOYEES.—For purposes of subclause (I), the number of employees of a borrower is equal to the sum of—

“(aa) the number of full-time employees of the borrower on the date on which the borrower applies for a loan under this subparagraph; and

“(bb) the product obtained by multiplying—

“(AA) the number of part-time employees of the borrower on the date on which the borrower applies for a loan under this subparagraph; by

“(BB) the quotient obtained by dividing the average number of hours each part time employee of the borrower works each week by 40.

“(v) NONDELEGATION.—Notwithstanding section 508(e), the Administrator may not permit a premier certified lender to approve or disapprove an application for assistance under this subparagraph.

“(vi) TOTAL AMOUNT OF LOANS.—The Administrator may provide not more than a total of \$7,500,000,000 of financing under this subparagraph for each fiscal year.”

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from New York (Ms. VELÁZQUEZ) and the gentleman from Ohio (Mr. CHABOT) each will control 20 minutes.

The Chair recognizes the gentlewoman from New York.

GENERAL LEAVE

Ms. VELÁZQUEZ. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the measure under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

Ms. VELÁZQUEZ. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the bill before us today, H.R. 8211, the 504 Modernization and Small Manufacturer Enhancement Act of 2020, a bill that makes important improvements to the SBA's 504 Loan Program.

Over 62 years ago, Congress created the 504 Loan Program at SBA to help America's small businesses access affordable, long-term capital needed to purchase land, real estate, heavy machinery, equipment, and other fixed assets.

The program is a true public-private partnership. An SBA-backed Certified Development Company provides 40 percent of the financing; a bank or credit union provides 50 percent; and the small business borrower provides 10

percent. This structure has proved to be extremely successful for all parties involved.

However, earlier this Congress, our Investigations, Oversight and Regulations Subcommittee heard from stakeholders who expressed concerns with the loan closing process, specifically that delays have caused loans to fall through and businesses to lose out on affordable financing.

To that end, Ms. CRAIG and Mr. CHABOT have put forth today's bill to streamline the closing process and make compliance easier for CDCs, borrowers, and third-party lenders alike. The bill also enhances access to capital for small manufacturers by increasing the maximum 504. Loan amount for small manufacturers from \$5.5 million to \$6.5 million. These changes address the issues we have heard in our engagement with CDCs and their borrowers in our districts.

Mr. Speaker, I thank Ms. CRAIG and Mr. CHABOT for their hard work and applaud them for their efforts to make bipartisan improvements to this valuable program.

Mr. Speaker, I recommend a “yes” vote to all my colleagues in the House, and I reserve the balance of my time.

□ 1530

Mr. CHABOT. Mr. Speaker, I yield myself such time as I may consume.

I rise in support of H.R. 8211, the 504 Modernization and Small Manufacturer Enhancement Act of 2020.

Fortunately, many of the SBA's government guaranteed loan programs have a strong track record of producing results. Included near the top of that list is the 504 loan program.

The SBA's 504/CDC Loan Program provides the Nation's smallest businesses with long-term and fixed-rate financing.

Importantly, for a project to qualify for this government guarantee loan program, certain economic development goals must be met, including job creation and job retention goals.

H.R. 8211 modernizes that program by expanding the public policy goals to include businesses with 10 employees or less, as well as enhancing the program for small manufacturers.

I would like to thank the gentlewoman from Minnesota (Ms. CRAIG) for working with me in a bipartisan fashion to craft this piece of legislation.

I would also like to thank the chairwoman, Ms. VELÁZQUEZ, once again for advancing this legislation that was favorably reported out of committee unanimously; so both Republicans and Democrats supporting it.

I urge my colleagues to support this, which provides crucial updates to the SBA's program, and I reserve the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Minnesota (Ms. CRAIG), the sponsor of the bill.

Ms. CRAIG. Mr. Speaker, I rise today to urge my colleagues to support H.R.

8211, the 504 Modernization and Small Manufacturing Enhancement Act of 2020.

I would like to thank the ranking member for being an original cosponsor of this bill; the chairwoman, for her leadership, and to her staff for helping me and my constituents throughout the 116th Congress.

Our small businesses are suffering. Every day we see a new wave of businesses closing their doors. Unemployment numbers are rising, and our economy is suffering.

I hear from constituents daily that their businesses are on their very last leg, and without action to support them, they will soon be forced to close. These are not simply businesses. These are livelihoods, family traditions, and priceless contributions to our communities.

It is our job, as Members of Congress, to support these businesses, ensure they survive these troubling times, and provide them with multiple avenues to succeed.

In addition to relief, we need to pass legislation that provides businesses in various industries opportunities for growth and access to capital. One way we can do this is to build upon the Small Business Administration's successful 504 loan program that promotes economic development, job creation, and retention and expansion of small businesses.

The 504 loan program is designed by local certified development companies, or CDCs, delivered by those companies, which are private, nonprofit corporations whose entire purpose is to promote economic development within their communities.

The program backs long-term, fixed-rate loans to support investment in major fixed assets through a three-part partnership with a local lender.

One year ago, in the Subcommittee on Investigation, Oversight, and Regulation hearing, CDC lenders spoke about their experiences with this loan program and the many issues they navigated, we saw areas for improvement.

One was the lengthy and complex loan closing process which caused third-party lenders to walk away, along with various outdated rules and guidelines hindering the financing of projects.

In order for small businesses to take advantage of these programs, we must listen to this feedback and alter our programs accordingly. That is why I introduced H.R. 8211.

This bill would make an array of improvements to the 504 program, making it more accessible to small businesses and ultimately driving economic development and growth.

In a time of economic crisis and unemployment, we must continue to invest in our small businesses, specifically small manufacturers, in order to promote economic development and the creation and retention of good-paying jobs. We must do everything we can

to support small manufacturers and ensure that the SBA programs available to them are operating as effectively and efficiently as possible.

In addition, H.R. 8199, the 504 Credit Risk Management Improvement Act of 2020, which is also under floor consideration later today, would further clarify provisions in the 504 program, enhancing its accessibility and effectiveness.

Mr. Speaker, small businesses are the heart of this economy, and with the improvements from H.R. 8211 and H.R. 8199, more small businesses will be able to grow and ultimately contribute to the economic landscape of not only their communities but this country.

I urge all of my colleagues to support these bills before us today.

Mr. CHABOT. Mr. Speaker, I have no other speakers and I am prepared to close, so I yield myself the balance of my time.

Mr. Speaker, I urge my colleagues to support this bipartisan legislation. As our Nation's small businesses continue to face numerous capital access challenges, the SBA's existing government guarantee loan programs must be prepared to provide assistance. This bill, H.R. 8211, does just that by expanding the 504/CDC Loan Program's economic development goals and enhancing the program for small manufacturers.

This program has a proven record of the success, and the improvements that this legislation delivers will continue this track record into the future. I ask for my colleagues' support, and I yield back the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I yield myself such time as I may consume.

The SBA's 504 program has enjoyed a track record of success in delivering affordable, long-term capital to small businesses for acquiring land, real estate, or heavy machinery.

Furthermore, the CDCs who deliver the program are actively involved in promoting local economic development, especially for underserved business communities.

As the chair of the Small Business Committee, I have seen the values CDCs have delivered in my community in New York City, across the State, and across the country. I am proud of our opportunity here today to continue supporting their work and helping entrepreneurs access affordable capital, especially as our local economies continue adjusting to the realities of conducting business in the COVID-19 era.

I want to applaud the work by Ms. CRAIG and Ranking Member CHABOT for their collaboration to improve the 504 loan program.

I encourage all my colleagues to support this bill, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from New York (Ms. VELÁZQUEZ) that the House suspend the rules and pass the bill, H.R. 8211, as amended.

The question was taken; and (two-thirds being in the affirmative) the

rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

504 CREDIT RISK MANAGEMENT IMPROVEMENT ACT OF 2020

Ms. VELÁZQUEZ. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 8199) to amend the Small Business Act to enhance the Office of Credit Risk Management, to require the Administrator of the Small Business Administration to issue rules relating to environmental obligations of certified development companies, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 8199

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "504 Credit Risk Management Improvement Act of 2020".

SEC. 2. ENHANCEMENTS TO THE OFFICE OF CREDIT RISK MANAGEMENT.

Section 47 of the Small Business Act (15 U.S.C. 657t) is amended—

(1) by striking subsection (b) and inserting the following:

“(b) DUTIES.—The Office—

“(1) shall be responsible for—

“(A) supervising—

“(i) any lender making loans under section 7(a) (in this section referred to as a “7(a) lender”);

“(ii) any Lending Partner or Intermediary participant of the Administration in a lending program of the Office of Capital Access of the Administration;

“(iii) any small business lending company or a non-Federally regulated lender without regard to the requirements of section 23; and

“(iv) any certified development company described under the program established under title V of the Small Business Investment Act of 1958 (referred to in this section as a “certified development company”), as provided in subsection (k); and

“(B) conducting file reviews with respect to loan closings under the program established under title V of the Small Business Investment Act of 1958, as provided in subsection (j); and

“(2) may—

“(A) take formal and informal enforcement actions against a certified development company, as provided in subsection (l); and

“(B) charge a certified development company a fee, as provided in subsection (m).”;

and

(2) by adding at the end the following new subsections:

“(j) LOAN CLOSING FILE REVIEWS.—With respect to a loan closing under the program established under title V of the Small Business Investment Act of 1958, the Office shall be responsible for the following:

“(1) Conducting a complete file review of a random selection of all loan closings, the number, frequency, and conduct of which shall be at the discretion of the Office, to ensure program integrity, including a review of the items listed on the Checklist for Complete File Review contained in the appropriate form of the Administration.

“(2) Not later than 60 days after the date on which each complete file review conducted under paragraph (1) is completed, preparing a written report documenting the results of that review, which the Office shall send to—

“(A) the applicable certified development company;

“(B) the designated attorney that closed the loan for the certified development company; and

“(C) the Commercial Loan Service Center.

“(3) If a complete file review conducted under paragraph (1) reveals a deficiency that could result in a loss to the Administration, requiring the applicable certified development company or the designated attorney to promptly correct the deficiency.

“(k) SUPERVISION OF CERTIFIED DEVELOPMENT COMPANIES.—With respect to the supervision of certified development companies—

“(1) an employee of the Office shall—

“(A) be present for, and supervise, the review of any such company that is conducted by a contractor of the Office on the premises of the company; and

“(B) supervise the review of any such company that is conducted by a contractor of the Office that is not conducted on the premises of the company; and

“(2) the Administrator shall—

“(A) develop a timeline for the review by the Office of certified development companies and the submission of reports regarding those reviews, under which the Administrator shall—

“(i) submit to a certified development company a written report of any review of the company not later than 90 days after the date on which the review is concluded; or

“(ii) if the Administrator expects to submit the report after the end of the 90-day period described in clause (i), notify the company of the expected date of submission of the report and the reason for the delay; and

“(B) if a response by a certified development company is requested in a report submitted under subparagraph (A)(i), require the company to submit responses to the Administrator not later than 45 business days after the date on which the company receives the report.

“(l) ENFORCEMENT AUTHORITY AGAINST CERTIFIED DEVELOPMENT COMPANIES.—

“(1) INFORMAL ENFORCEMENT AUTHORITY.—The Director may take an informal enforcement action against a certified development company if the Director finds that the company has violated a statutory or regulatory requirement or any requirement in a Standard Operating Procedures Manual or Policy Notice relating to a program or function of the Office of Capital Access.

“(2) FORMAL ENFORCEMENT AUTHORITY.—

“(A) IN GENERAL.—With the approval of the Lender Oversight Committee established under section 48, the Director may take a formal enforcement action against any certified development company if the Director finds that the company has violated—

“(i) a statutory or regulatory requirement, including a requirement relating to the necessary funds for making loans when those funds are not made available to the company from private sources on reasonable terms; or

“(ii) any requirement described in a Standard Operating Procedures Manual or Policy Notice relating to a program or function of the Office of Capital Access.

“(B) ENFORCEMENT ACTIONS.—The decision to take an enforcement action against a certified development company under subparagraph (A) shall be based on the severity or frequency of the violation and may include assessing a civil monetary penalty against the company in an amount that is not greater than \$250,000.

“(3) FAILURE TO SUBMIT ANNUAL REPORT.—With respect to a certified development company that, as of the date that is 30 days after the date on which the company is required to submit any report, fails to submit that report, the Director may—